

EXHIBIT 7-H

DEED RESTRICTION AGREEMENT HOME Investment Partnerships Program

by and between

(name of grantee)

and

_____, Owner,

_____, Property

A. PURPOSE

This Land Use Restriction agreement ("Agreement") is made and entered into this _____ day of _____, 2____, by and between (name of grantee) and _____

Whereas the (Grantee) has loaned to the Owner HOME funds in the amount of _____ dollars for the purpose of rehabilitating a _____ unit rental housing project commonly known and addressed as _____ (said land and improvements are hereinafter collectively referred to as the "Property") and legally described in Attachment "A".

And, whereas, each unit for which the HOME funds is used will hereafter be considered an Assisted Unit; and in the Property, there will be _____ assisted units.

And, whereas, the Owner must agree to continuously comply with certain occupancy and rent restrictions for each Assisted Unit for the Term of this Agreement; and the parties hereto have entered into this Agreement to evidence Owner's agreement to comply with such restriction.

Now therefore, in consideration of the loan and other good and valuable consideration, the parties hereto do hereby agree as follows.

B. DEFINITIONS

1. Agreement means this Land Use Restriction Agreement, as it may from time to time be amended.
2. Assisted Unit means any unit for which HOME funds is used for rehabilitation.

3. Grantee means (the legal name of the Grantee)
4. HOME means HOME Investment Partnerships Program.
5. Low Income Families means families and individuals whose Annual Income do not exceed 80 percent of area median income in the area in which the Property is located, as determined by the Secretary of Housing and Urban Development.
6. Owner means _____ as set forth at the beginning of this agreement, or any successor in title to the property.
7. Qualified Tenant means a family or individual tenant of a qualifying unit who satisfies the requirements of Section C Part 2 of this Agreement with respect to such Qualifying Unit.
8. Qualifying Unit means a Unit that:
 - a. is rented to either a Low Income Family or Very Low Income Family and
 - b. is used in complying with the Very Low Income and Low Income occupancy requirements of Section C Part 3.
9. Term means a period commencing on the date hereof and continuing until the earliest to occur of the following:
 - a. _____ years, beginning after the completion of rehabilitation as evidenced by the Certification of Completion;
10. Very Low-Income Families means families and individuals whose annual incomes do not exceed 50% of median income for the area in which the Property is located, as determined by the Secretary of Housing and Urban Development.

C. USE AND OCCUPANCY OF THE PROPERTY

1. It is agreed that during the Term, the Owner will maintain the Property as rental housing and will rent or hold available for rental each Assisted Unit on a continuous basis.
2. The Owner will make continuously available for occupancy by Low Income Families as Qualifying Units, not less than _____ Units, and not less than _____ Units shall be made available for occupancy by Very Low Income Families.

- a. The determination of whether the Annual Income of a family or individual occupying or seeking to occupy a Qualifying Unit meets the applicable income limit shall be made prior to admission to occupancy of such family or individual in a Qualifying Unit. Thereafter such determinations shall be made at least annually on the basis of an examination or reexamination of the current income of the family or individual.
- b. If the Annual Income of a Qualified Tenant which is a Very Low-Income Family, shall be determined upon reexamination to exceed the applicable income limit for Very Low-Income Families, but not the applicable income limit for Low Income Families, the Unit shall be counted as occupied by a Qualified Tenant, which is a Low Income Family other than a Very Low-Income Family during such family's or individual's continuing occupancy of such Unit.

Owner shall be required to make the next available Qualifying Unit available for occupancy in accordance with clause (3) below.

3. If upon reexamination, neither the required occupancy by Very Low-Income Families nor the required occupancy by Low Income Families is met, preference must be given to Very Low-Income Families in the renting of each Assisted Unit which becomes available until the required occupancy is met.
4. Anything to the contrary in the foregoing notwithstanding, Owner will not terminate the occupancy of any tenants in occupancy on the date hereof that are not Low Income Families or Very Low-Income Families for purposes of meeting the requirements of this Section.

D. RENT LIMITATIONS FOR QUALIFIED TENANTS

1. Rents charged:
 - a. The rent charged by Owner for Qualifying Units occupied by Very Low Income Families shall not exceed the maximum rent for Qualified Tenants who are Very Low Income Families for units of the applicable size in the area. Such maximum rent shall be not greater than 30% of the adjusted income of a family whose income equals 50% of the area median income, with adjustment for family size based upon unit type.
 - b. The rent charged by Owner for Qualifying Units occupied by Low Income Families other than Very Low-Income Families shall not exceed the maximum rent for Qualified Tenants who are Low Income Families other than Very Low-Income Families for units of the applicable size in the area. Such maximum rent shall be not greater than 30% of the adjusted income of a family whose income equals 65% of area median income, with adjustment for family size based upon unit type.

2. Owner may make a written request to the Grantee for the schedule of maximum rents applicable to the Property as of the date hereof, and the Grantee shall provide such schedule within thirty days of the date that the Grantee receives such request. Such rents shall be subject to annual adjustment upon publication by the U.S. Department of Housing and Urban Development of revised income limits for area Low Income and very low-income families, which adjustment shall be based upon changes in the applicable area median income limits.

E. LEASE PROVISIONS

1. Lease provisions. All tenant leases entered into with Qualified Tenants during the Term shall contain provisions wherein each individual lessee
 - a. certifies the accuracy of the information provided in connection with the examination or reexamination of Annual Income of the household of such lessee, and
 - b. agrees that the Annual Income and other eligibility requirements shall be deemed substantial and material obligations of his or her tenancy, that he or she will comply promptly with all requests for information with respect thereto from Owner or the Grantee and that his or her failure to provide accurate information regarding such requirements (regardless of whether such inaccuracy is intentional or unintentional) or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of his or her tenancy and constitute cause for immediate termination thereof.
2. Examination and Reexamination of Incomes
 - a. Owner shall be responsible for determination of the Annual Income and family composition of Qualified Tenants, and for reexamination of Annual Income and family composition of Qualified tenants at least annually in accordance with procedures prescribed by the Grantee.
 - b. As a condition of admission to occupancy of a qualifying Unit, Owner shall require household head, and other such household members as it designates, to execute an approved release and consent authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to Owner and to the Grantee such information as Owner or the Grantee determines to be necessary. The use of disclosure of information obtained from a household or from another source pursuant to this release and consent shall be limited to purposes directly connected with administration of this Agreement.

- c. Owner shall not be deemed to be in violation of this Agreement if, in determining Annual Income and Family composition of a Qualified Tenant,
 - 1) Owner has relied in good-faith upon information which is supplied to Owner by the Tenant,
 - 2) Owner has no reason to believe such information is false, and
 - 3) Owner has complied with all requirements with respect to verification of household income and family composition.
- 3. Certification by Owner. During the term, on each anniversary of the date upon which this Agreement was first recorded in the land records of the jurisdiction in which the Property is located, or upon such other annual date as established, Owner shall submit to the Grantee a certification in a form prescribed by the Grantee, as to Owner's compliance with all of the terms and provisions of this Agreement.
- 4. Maintenance of Documents. All tenant lists, applications, leases, waiting lists, income examinations and reexaminations relating to the Property shall at all times be kept separate and identifiable from any other business of Owner which is unrelated to the Property, and shall be maintained, in a reasonable condition for proper audit and subject to examination and photocopying during business hours by representatives of the City.
- 5. Compliance Review. The Grantee periodically will monitor Owner's compliance with the requirements of this Agreement. In conducting its compliance review, the Grantee will rely primarily on information obtained from Owner's records and reports, findings from on-site monitoring, and audit reports. The Grantee may also consider relevant information gained from other sources, including litigation and citizens complaints.
- 6. Inspections.
 - a. During the Term, beginning after completion of rehabilitation, the Grantee or its representative, shall inspect the Property annually to document the property continues to comply with Section 8 Housing Quality Standards.
 - b. If at any time during the Term the property is found to be in noncompliance with Section 8 Housing Quality Standards, Owner agrees
 - 1) to complete the repairs necessary to bring the property into compliance within 30 days of notification by the Grantee;
 - 2) notify the Grantee that the repairs have been completed; and
 - 3) ask for reinspection.

7. Releases. The Grantee shall execute such documents as may be required to evidence release of the Property from the covenants and restrictions set forth in this Agreement based upon the expiration of the Term as provided.

F. REPRESENTATIONS AND WARRANTIES OF OWNER

1.
 - a. Owner represents and warrants that he has validly executed this Agreement and the same constitutes the binding obligation of Owner. Owner has full power, authority and capacity to enter into this Agreement, to carry out Owner's obligations as described in this Agreement and to assume responsibility for compliance with all applicable federal rules and regulations.
 - b. To the best of Owner's knowledge, the making of this Agreement and Owner's obligations hereunder
 - 1) will not violate any contractual covenants or restrictions between the Owner or any third party affecting the Property;
 - 2) will not conflict with any of the instruments that create or establish Owner's authority;
 - 3) will not conflict with any applicable public or private restriction;
 - 4) do not require any consent or approval or any public or private authority which has not already been obtained; and
 - 5) are not threatened with invalidity or unenforceability by any action, proceeding or investigation pending or threatened, by or against the Owner, without regard to capacity, any person with whom Owner may be jointly or severally liable, or the Property or any part thereof.
 - c. No litigation or proceedings are pending or to the best of owner's knowledge, threatened against Owner which if adversely determined could individually or in the aggregate have an adverse effect on title to or the use and enjoyment or value of the Property, or any portion thereof, or which could in any way interfere with the consummation of this Agreement.
2. Owner agrees to indemnify and hold harmless the Grantee from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorney's fees) incurred by the Grantee as a result of any material inaccuracy in any of the representations and warranties contained in Sections C & D.

G. ENFORCEMENT AND REMEDIES.

1. If the Owner defaults in the performance of any of its obligations under this Agreement or breaches any covenant, agreement or restriction set forth herein, and if such default remains uncured for a period of sixty (60) days

after notice thereof shall have been given by the Grantee (or for any extended period approved in writing by the Grantee if the default or breach stated in such notice can be corrected, but not within such 60 day period, unless Owner does not commence such correction or commences such correction with such 60 day period but thereafter does not diligently pursue the same to completion within such extended period), the Grantee shall be entitled to apply to any court having jurisdiction of the subject matter for specific performance of this Agreement, for an injunction against any violation of this Agreement, or for such other relief as may be appropriately compensated by monetary damages in the event of Owner's default. The Grantee shall be entitled to its reasonable attorneys' fees in any such judicial action in which the Grantee shall prevail.

2. Each right, power and remedy of the Grantee provided for in this Agreement now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Grantee of any one or more of the rights, powers or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the Grantee of any or all such other rights, powers or remedies.

H. MISCELLANEOUS

1. Notices. All notices required or permitted to be given under this Agreement must be in writing and will be deemed to have been duly given if delivered personally or mailed, postage prepaid, by registered or certified United States mail, return receipt requested, addressed to the parties at the following address:

FOR THE GRANTEE:	FOR THE OWNER:
<u>(Grantee Address)</u>	
_____	_____
_____	_____
_____	_____

2. Binding Effect; Covenants Running with the Land. During the Term, this Agreement and the covenants, reservations and restrictions contained herein shall be deemed covenants running with the land for the benefit of the Grantee and its successors, and shall pass to and be binding upon Owner's heirs, assigns and successors in title to the Property, or if the property shall not include title to land, but shall include a leasehold interest in land, this Agreement and the covenants, reservations et al shall bind the leasehold interest as well as the Property and shall pass to and be binding upon all heirs, assigns and successors to such interests; provided, however, that upon expiration of the Term in accordance with the terms hereof said

covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Property are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Property. The Grantee at Owners cost and expense, shall cause this Agreement to be duly recorded or filed and re-recorded or refiled in such places, and Owner shall pay or cause to be paid all recording, filing, or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law, in the opinion of qualified counsel, in order to establish, preserve and protect the ability of the grantee to enforce this Agreement.

In Witness whereof, the undersigned have hereunto affixed their signatures and seals as of the date first above written.

(Name of Grantee)

By _____

ATTEST:

APPROVED AS TO FORM

OWNER

The foregoing instrument was acknowledged before me in the State of Montana this day of _____, 20____, by _____.

Witness my hand and official seal.

My commission expires: _____
Notary Public